

## AMENDMENT TO REGULATION 6.120

**PURPOSE OF THE AMENDMENT:** To provide for the treatment of credit for purposes of computing gross revenue; to provide that a licensee after extending credit must document that it has attempted to collect payment from the patron once every ninety (90) days from the date the credit is extended, or the licensee and patron have agreed that the debt will be due and payable; to provide that any period of time agreed to by the licensee and the patron for repayment of the debt must be contemporaneously documented by the licensee at the time the credit is extended, or the credit will be conclusively presumed to have been issued on the date the credit was issued; to provide that if the payment due date agreed to by the licensee and patron exceeds eighteen (18) months from the date the credit is extended to the patron, the collection efforts shall commence within 90 days after the 18<sup>th</sup> month from the date the credit was extended; to provide that a licensee after extending credit must document that it has attempted to collect the debt by letter sent to the patron's last-known address, facsimile transmission or electronic mail sent to the patron's last-known contact location, in a personal or telephone conversation with the patron, or by presenting the credit instrument to the patron's bank for collection; to provide that the chairman, in his sole and absolute discretion upon good cause shown by the licensee, may determine that another collection method may be used by a licensee; to take such additional action as may be necessary and proper to effectuate these stated purposes.

### REGULATION 6 ACCOUNTING REGULATIONS

(Draft date 10/31/05)

#### **6.120 Treatment of credit for purposes of computing gross revenue.**

1. No change.
2. No change.
3. A licensee after extending credit, shall:
  - (a) Document that it has [attempted to collect the full amount of the debt at least once every 90 days while the debt is treated as collectible by requesting payment in letters sent to the patron's last-known address, or in personal or telephone conversations with the patron, or by presenting the credit instrument to the patron's bank for collection, or otherwise demonstrates to the satisfaction of the chairman that it has made good faith attempts to collect the full amount of the debt;]
    - (1) attempted to collect payment from the patron once every ninety (90) days from the date:
      - (I) the credit is extended, or
      - (II) the licensee and patron have agreed that the debt will be due and payable. Any period of time agreed to by the licensee and the patron for repayment of the debt must be contemporaneously documented by the licensee

at the time the credit is extended, or the credit will be conclusively presumed to have been issued as provided in subsection (3)(a)(1)(I), immediately above. If the payment due date exceeds eighteen (18) months from the date the credit is extended to the patron, the collection efforts shall commence within 90 days after the 18<sup>th</sup> month from the date the credit was extended, and

(2) Attempted to collect the debt by letter sent to the patron's last-known address, facsimile transmission or electronic mail sent to the patron's last-known contact location, in a personal or telephone conversation with the patron, or by presenting the credit instrument to the patron's bank for collection. The Chairman, in his sole and absolute discretion upon good cause shown by the licensee, may determine that another collection method may be used by a licensee to satisfy the requirements of this subparagraph.

(b) Furnish the credit instrument to the board within 30 days after the audit division's request, unless the licensee has independent, written, and reliable verification that the credit instrument is in the possession of a court, governmental agency, or financial institution; has been returned to the patron upon partial payment of the instrument; has been returned to the patron upon the licensee's good faith belief that it had entered into a valid settlement and the licensee provides a copy of the original credit instrument and a document created contemporaneously with the settlement that contains the information required by subsection 6(b)(1)-(6) of this section; has been stolen and the licensee has made a written report of the theft to an appropriate law enforcement agency, other than the board, having jurisdiction to investigate the theft; or the chairman waives the requirements of the subsection because the credit instrument cannot be produced because of any other circumstances beyond the licensee's control.

(1) Theft reports made pursuant to this paragraph must be made within 30 days of the licensee's discovery of the theft and must include general information about the alleged crime, the amount of financial loss sustained, the date of the alleged theft, and the names of employees or agents of the licensee who may be contacted for further information. Each licensee shall furnish to the audit division a copy of theft reports made pursuant to this paragraph within 30 days of its request.

(2) If the licensee has returned a credit instrument upon partial payment, consolidation, or redemption of the debt, it shall issue a new "substituted" credit instrument in place of the original and shall furnish the substituted credit instrument to the audit division within 30 days of its request, unless the licensee has independent, written, and reliable verification that the substituted credit instrument cannot be produced because it is in the possession of a court, governmental agency, or financial institution; has been stolen and the licensee has made a written report of the theft to an appropriate law enforcement agency, other than the board, having jurisdiction to investigate the theft; or the chairman waives the requirements of this subparagraph because the substituted credit instrument cannot be produced because of any other circumstances beyond the licensee's control.

(c) Submit a written report of a forgery, if any, of the patron's signature on the instrument to an appropriate law enforcement agency, other than the board, having jurisdiction to investigate the forgery. The report must include general information about the alleged crime, the amount of financial loss sustained, the date of the alleged forgery, and identification of employees or agents of the licensee who may be contacted for further information. Each licensee shall furnish a copy of forgery reports made pursuant to this paragraph to the audit division within 30 days of its request;

(d) Permit the audit division within 30 days of its request to confirm in writing with the patron the existence of the debt, the amount of the original credit instrument, and the unpaid balance, if any;

(e) Retain all documents showing, and otherwise make detailed records of, compliance with this subsection, and furnish them to the audit division within 30 days after its request.

4. No change.

5. No change.

6. No change.

7. No change.

8. No change.

9. No change.

10. No change.

(Effective date \_\_\_\_\_.)